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UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

BCS-17 May 19, 1938

# THE BEEF CATTLE SITUATION

## Summary


The beef cattle situation this year has been characterized by relatively low prices of the better grades of slaughter cattle, and a fairly strong demand for stocker and feeder cattle, the Bureau of Agricultural Economics reports.

Present indications are that marketings of well-finished, grain-fed cattle during the next 3 or 4 months will continue to increase seasonally, and will be considerably larger in the summer and fall months than in corresponding months of 1937. Although prices of such cattle frequently tend to advance in early summer, no marked advance is expected in that period this year, chiefly because of weakness in the demand for meats. But in late summer or early fall, some seasonal advance in prices of the better grades may occur.

Abundant supplies of feed, generally good range and pasture conditions, and the relatively small number of hogs to be fed have resulted in a relatively strong demand for replacement stock. This strong demand has been reflected in reduced marketings of cows, heifers, and calves, compared with a year earlier, and in relatively high prices of stocker and feeder cattle compared with prices of the better grades of slaughter cattle.

During the summer and fall months, some decline in prices of the lower grades of slaughter steers and heifers, and of all grades of cows is likely to occur as supplies of such cattle increase seasonally. Some seasonal decline in prices of stocker and feeder cattle also may take place during the summer months.

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| This issue contains a brief discussion of "Regional Trends in Cattle Numbers" in the United States from 1867 to date. |

REVIEW OF RECENT DEVELOPMENTS

BACKGROUND.- During the first 3 months of 1938, the total cost to packers for cattle slaughtered under Federal inspection was about 143 million dollars, 11 percent less than in the first 3 months of 1937. Weakness in consumer demand for meats and lower hide prices were the factors chiefly responsible for the smaller payments. The live weight of inspected cattle slaughter during this period was only slightly smaller than that of a year earlier. But the average cost per 100 pounds, $6.56, was 10 percent lower. Prices of the better grades of slaughter cattle were reduced much more sharply than prices of the lower grades, which from January through March were only moderately lower than those of a year earlier.

Prices of lower grade cattle advance in April

Prices of the better grades of slaughter steers at Chicago averaged about the same in April as in March. But moderately higher prices were received for the lower grades of steers and for most grades of slaughter cows and heifers. Veal calves, however, sold lower than those of a month earlier.

Prices of most grades of steers declined slightly in the first week of May, but advanced rather sharply in the following week. Although in late April and early May prices of slaughter cows lost most of the gain made earlier in April, this gain was recovered by mid-May.

The average price of good grade steers at Chicago for the week ended May 14 was nearly $3 lower than that of a year earlier, but prices of good grade slaughter cows during the same week averaged only about $1 lower. And prices of cutter cows were about the same as a year earlier.

Slaughter supplies reduced

Market supplies of the better grades of slaughter steers, in April, were somewhat larger than in March. But supplies of the lower grades of steers and of slaughter cows and heifers were smaller.

The number of cattle slaughtered under Federal inspection in April totaled 749,000 head, 8 percent smaller than in March, and 7 percent smaller than a year earlier. Inspected calf slaughter continued seasonally large in April, but was about 15 percent smaller than the large April slaughter of a year ago.

Relatively strong demand for replacement cattle

The demand for stocker and feeder cattle thus far this year has been relatively strong, largely because of abundant feed supplies in most areas, generally good range and pasture conditions, and the comparatively small number of hogs to be fed. This relatively strong demand has been reflected in smaller marketings of cows, heifers, and calves, compared with a year earlier, and in comparatively high prices for stocker and feeder cattle.

In early May, prices of stocker and feeder steers, all weights, at Kansas City averaged approximately $7.70 per 100 pounds, only about 20 cents lower than a year earlier and unusually high in comparison with prices of slaughter steers. Shipments of stocker and feeder cattle and calves from 12 markets to the country, during the first 4 months of 1938, totaled 445,000 head. Though the number shipped was smaller than average, it was about 15 percent larger than a year earlier.

Feed prospects favorable

The warm weather of March and most of April gave grass an early start in nearly all States. Good rains have improved the prospects for range feed in most of the central and northern portions of the Great Plains area where the droughts of recent years were most severe. Western range and pasture conditions on May 1 were the best for that date since 1931. Rains are still needed, however, in portions of North Dakota, South Dakota, and Montana, and in sections of the Southwest.

Current prospects are for a fairly large hay crop in the Northeast and in the eastern and central portions of the Corn Belt. Largely because of a loss of stands and a lack of reserve moisture in last year's drought area, however, the alfalfa crop seems likely to be below normal from Montana and North Dakota south to Kansas. Hay prospects are favorable in the West and South. Stocks of old-crop hay on farms May 1 totaled about 12,724,000 tons, twice as large as the small stocks of a year earlier, and about one-third larger than average stocks for May 1 during the 10 years, 1927-36.

Western cattle in good condition

Western cattle are in good condition, but made only limited gains during April. Only small gains were made in the northern areas east of the Rocky Mountains due to periods of stormy weather, but generally good gains were made by cattle in Oklahoma and Texas, and in the States west of the Continental Divide. Calf crop prospects are generally good.

The movement of Texas cattle to northern pastures is expected to be rather small this year. But supplies of grass-fat cattle from Texas probably will be fairly large. Comparatively large supplies of well-finished grass-fat cattle also are in prospect from California during the next 2 months.

Cattle imports reduced

Imports of cattle and calves during the first 3 months of the year, were about 38 percent smaller than in the corresponding period of 1937. One of the chief factors in this reduction apparently was the relatively greater decrease in cattle prices in this country than in Canada. The spread between prices of good and medium grade slaughter steers at Chicago and prices of comparable grades at Winnipeg (good steers, over 1,050 pounds) during the first quarter of 1938, averaged about $3 per 100 pounds compared with an average spread of about $4.25 a year earlier. The relatively smaller decline in prices at Winnipeg probably was a reflection in part of the sharp reduction in cattle feeding in western Canada caused by the short production and high prices of feed in 1937.

Reductions in imports from Canada were relatively greater than in those from Mexico. The greatest percentage reductions, from both countries, occurred in cattle for slaughter or feeding, weighing 700 pounds and over. Preliminary indications are that further reductions in cattle imports from Canada occurred in April.

Imports of canned beef in the first quarter of 1938, totaling 12,175,000 pounds, were slightly larger (3 percent) than in the first 3 months of 1937, but imports of fresh, pickled, and cured beef were smaller.

Imports of cattle and calves from Canada, Mexico, and all countries, 1937, and January - March 1937 and 1938

| Country year and period | Less than 175 pounds | 175 - 699 pounds | 700 pounds and over: For slaughter or feeding | 700 pounds and over: For dairy purposes | For breeding | Total |
|---|---|---|---|---|---|---|
| | Number | Number | Number | Number | Number | Number |
| Canada: | | | | | | |
| 1937 .......... | 80,792 | 50,355 | 157,468 | 6,723 | 11,351 | 306,689 |
| Jan. - Mar. | | | | | | |
| 1937 .......... | 17,754 | 2,040 | 49,806 | 1,362 | 2,030 | 72,992 |
| 1938 .......... | 12,862 | 577 | 14,166 | 1,322 | 1,624 | 30,551 |
| Mexico: | | | | | | |
| 1937 .......... | 1,259 | 172,717 | 24,792 | --- | 692 | 199,460 |
| Jan.-Mar. | | | | | | |
| 1937 .......... | 244 | 56,480 | 14,154 | --- | 371 | 71,249 |
| 1938 .......... | 194 | 48,891 | 10,449 | --- | 118 | 59,652 |
| All countries: | | | | | | |
| 1937 .......... | 82,052 | 223,837 | 182,333 | 6,723 | 12,379 | 507,324 |
| Jan.-Mar. | | | | | | |
| 1937 .......... | 17,998 | 58,820 | 63,969 | 1,362 | 2,490 | 144,639 |
| 1938 .......... | 13,056 | 49,640 | 24,636 | 1,322 | 1,742 | 90,396 |

United States Department of Commerce.

## OUTLOOK

The number of cattle on feed for market in the Corn Belt on April 1 was estimated to be 20 percent larger than the very small number on feed a year earlier, although smaller than in most years prior to 1934. Market supplies of fed cattle during the next 3 or 4 months probably will continue to increase seasonally, and will be considerably larger in the summer and fall months than in corresponding months of 1937.

Although prices of the better grades of slaughter cattle frequently tend to advance in the early summer, no marked advance is expected in that period this year, chiefly because of the weakness in the demand for meats. Prices of such cattle have been relatively stable during the past 2 months. 1/

During the late summer or early fall, prices of well-finished grain-fed cattle may advance seasonally. Such a seasonal advance has occurred in each of the past 16 years. But the advance this year may not be marked or maintained for long unless industrial activity and the demand for meats improve substantially.

Industrial production showed little change from January through April. But because of the lag between changes in production and income, nonagricultural income decreased steadily during that period. In March, the latest month for which such data are available, nonagricultural income was estimated to be about 8 percent lower than that of a year earlier. This disparity probably will increase during the next few months, since the trend of income was upward during the first 8 months of 1937 whereas thus far this year the trend has been downward.

During the first 4 months of 1938, prices of the lower grades of steers and of slaughter cows were moderately lower than those of the corresponding period last year, although market supplies of such cattle were smaller. During the summer and fall months, prices of the lower grades of slaughter cattle probably will decline seasonally as market supplies increase, and are likely to average considerably lower in that period than a year earlier. Some seasonal decline in prices of stocker and feeder cattle also may occur during the summer months.

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1/ The chart shown in the April issue of this report illustrated the similarity of changes in prices of such cattle in late 1937 and early 1938 to those of late 1920 and early 1921. In both periods marked reductions in industrial activity and consumer demand for meats occurred. Because of differences between the two periods in the supply situation and other factors, however, the similarity of price movements was not maintained in April and early May. In 1921, prices of the better grades of cattle declined in April, May, and June.

Price per 100 pounds of cattle and calves, April 1938, with comparisons

| Item | Apr. average 1924-33 | Apr. 1936 | Apr. 1937 | Feb. 1938 | Mar. 1938 | Apr. 1938 |
|---|---|---|---|---|---|---|
| | Dollars | Dollars | Dollars | Dollars | Dollars | Dollars |
| Beef steers sold out of first hands at Chicago: | | | | | | |
| Choice and Prime ........ | 11,12 | 10.00 | 14.32 | 8.87 | 9.43 | 9.43 |
| Good .................... | 10.20 | 8.83 | 11.15 | 7.91 | 8.49 | 8.49 |
| Medium .................. | 9.18 | 7.77 | 9.31 | 7.17 | 7.68 | 7.82 |
| Common .................. | 8.06 | 6.78 | 7.75 | 6.35 | 6.86 | 7.08 |
| All grades .............. | 9.67 | 8.42 | 10.75 | 7.78 | 8.46 | 8.63 |
| Cows, Chicago: | | | | | | |
| Good .................... | 1/ 7.04 | 6.27 | 7.60 | 6.17 | 6.34 | 6.92 |
| Low cutter and cutter.... | 2/ 4.44 | 4.51 | 4.82 | 4.45 | 4.66 | 4.84 |
| Vealers, Chicago: | | | | | | |
| Good and Choice ......... | 9.61 | 8.93 | 9.18 | 10.29 | 9.05 | 8.48 |
| Stocker and feeder steers, Kansas City: | | | | | | |
| 500 - 800 pounds, Good and Choice ....... | 3/ | 7.60 | 7.83 | 7.14 | 7.64 | 7.68 |
| 800 - 1050 pounds, Good and Choice........ | 3/ | 7.43 | 8.52 | 6.90 | 7.48 | 7.58 |
| Average price paid by packers: | | | | | | |
| Cattle .................. | 8.05 | 6.81 | 8.22 | 6.36 | 6.91 | |
| Calves .................. | 8.88 | 7.59 | 7.99 | 8.18 | 7.93 | |
| Average wholesale price of packer hides, Chicago: 4/ | | | | | | |
| Heavy native steers ..... | 12.76 | 13.00 | 17.19 | 11.88 | 10.55 | 9.50 |
| Light native cows ....... | 12.23 | 10.88 | 16.16 | 8.72 | 8.70 | 8.47 |

1/ Good and Choice, 1924-27.
2/ Canner and Cutter, 1924 - June 1926.
3/ Not available.
4/ 1924-36, from Annual reports of the Chicago Board of Trade; 1937 and 1938 from the National Provisioner, simple average of weekly quotations.

Slaughter and market supplies of cattle and calves, specified periods

| Item | Unit | Year: Average 1924-33 | Year: 1937 | Month: Apr. 1937 | Month: Mar. 1938 | Month: Apr. 1938 |
|---|---|---|---|---|---|---|
| Slaughter under Federal inspection- | | | | | | |
| Number slaughtered: 1/ | Thou- | | | | | |
| Cattle | sands | 3,850 | 10,070 | 802 | 809 | 749 |
| Calves | do. | 4,819 | 6,281 | 588 | 506 | 502 |
| Beef steers sold out of first hands: | | | | | | |
| at Chicago: | | | | | | |
| Choice and Prime | do. | 159 | 133 | 5 | 16 | 19 |
| Good | do. | 471 | 343 | 47 | 34 | 36 |
| Medium | do. | 416 | 190 | 25 | 23 | 13 |
| Common | do. | 105 | 61 | 4 | 3 | 2 |
| All grades 2/ | do. | 1,151 | 727 | 81 | 77 | 70 |
| Receipts of cattle at seven markets 3/ | do. | 4/8,044 | 7,691 | 498 | 565 | 470 |

| Item | Unit | Year: Average 1924-33 | Year: 1937 | Month: Mar. 1937 | Month: Feb. 1938 | Month: Mar. 1938 |
|---|---|---|---|---|---|---|
| Slaughter under Federal inspection: | | | | | | |
| Number slaughtered: | Thou- | | | | | |
| Cows and heifers | sands | 4,181 | 5,626 | 416 | 345 | 377 |
| Steers | do. | 4,340 | 4,037 | 383 | 353 | 406 |
| Average live weight: | | | | | | |
| Cattle | Pound | 953 | 899 | 912 | 930 | 927 |
| Calves | do. | 176 | 189 | 165 | 174 | 163 |
| Average dressed weight: | | | | | | |
| Cattle | do. | 516 | 470 | 484 | 504 | 503 |
| Calves | do. | 101 | 108 | 97 | 100 | 97 |
| Total dressed weight: | | | | | | |
| Cattle | Mil. lb. | 4,532 | 4,699 | 397 | 359 | 405 |
| Calves | do. | 437 | 675 | 57 | 40 | 49 |
| Stocker and feeder shipments from public stockyards: 5/ | Thou- | | | | | |
| Cattle | sands | 3,073 | 2,893 | 148 | 112 | 184 |
| Calves | do. | 365 | 578 | 36 | 25 | 48 |
| Imports: | | | | | | |
| Cattle 6/ | do. | 253 | 507 | 50 | 24 | 43 |
| Canned beef 7/ | Mil. lb. | 8/ 36 | 88 | 7 | 3 | 6 |

1/ Bureau of Animal Industry. 2/ Totals of unrounded numbers.
3/ Chicago, Kansas City, Omaha, East St. Louis, St. Joseph, Sioux City, & St. Paul.
4/ Average 1929-33. 5/ Approximately 62 public stockyards prior to 1936, when the number was increased to 69. 6/ United States Department of Commerce. General imports prior to 1934, beginning January 1, 1934, imports for consumption.
7/ United States Department of Commerce. Imports for consumption.
8/ Figures include "other canned meats" prior to 1929.

# REGIONAL TRENDS IN CATTLE NUMBERS
# 1867 - 1938

The cattle population of the United States more than doubled from 1867 to 1918, with milk cows showing a slightly greater rate of increase than other cattle. Since 1918 milk cow numbers have continued to increase, while the number of other cattle has shown no further upward trend.

On January 1, 1867, the number of cattle and calves on farms and ranches in this country totaled between 28 and 29 million head, of which more than 8 million head - or about 29 percent - were milk cows, according to recently revised estimates of livestock numbers made by this Bureau 1/. On January 1, 1938, our cattle population was estimated at nearly 66 million head, of which approximately 25 million, or 38 percent, were milk cows.

It will be noted from the chart (figure 1) that most of the apparent cyclical variations in cattle numbers from 1867 to 1938 occurred in the number of cattle other than milk cows. Milk cow numbers increased fairly steadily throughout the period, with little tendency toward cyclical change.

## Demand for dairy products increased with population growth

The factor chiefly responsible for the continuing increase in milk cow numbers has been the growth in demand for dairy products with increased human population. The milk cow population since 1867 has increased almost as rapidly as human population in the United States.

Since 1867, there has been an upward trend in the milk cow numbers in all areas, except in the North Atlantic States, where numbers increased moderately from 1867 to about 1905, but have trended downward slightly since the latter year. The greatest increases in milk cow numbers have taken place in Wisconsin, Minnesota, and Iowa, in each of which the milk cow population increased by more than one million head from 1867 to 1938. The increase in Wisconsin, now the largest dairy State, amounted to nearly 2 million head, with Minnesota running a close second.

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1/ Livestock on farms, January 1, 1867 - 1919: Revised estimates, number, value per head, total value, by States and divisions. Bureau of Agricultural Economics, Washington, January 1938. This publication includes data for the years 1867 - 1935; data for the more recent years are given in United States Livestock Report: January 1, 1938. (Data for the past 3 years also are included in the February 1938 issue of Crops and Markets.)

Expansion of beef cattle numbers to 1918

Changes in the population of cattle other than milk cows from 1867 to 1938 may be divided for purposes of discussion into two periods. Prior to 1918 an upward trend in numbers of such cattle occurred in several areas. After 1918, however, the upward trend in numbers apparently was checked, except in a few States.

The failure of cattle other than milk cows to increase after 1918 may be attributed largely to three factors: (1) Increased use of farm lands for food and fiber crops, together with the lack of large areas of new farm lands; (2) deterioration of range and forage lands from over-stocking and drought; (3) increased competition for feed and forage from dairy cows, poultry, and hogs, and in some areas from sheep production.

In the North Atlantic States, and in Ohio and Indiana, where cattle raising early in the 19th Century was an important enterprise, the peak of expansion in the number of cattle other than milk cows was reached between 1870 and 1890. Since 1890, the trends in numbers of such cattle have been downward in these areas, with numbers in the North Atlantic States decreasing somewhat more sharply than in Ohio and Indiana.

From about 1870 to 1890 a considerable expansion in cattle numbers occurred in all of the East North Central States except Ohio, and in nearly all of the States west of the Mississippi River, as settlers moved westward in large numbers following the Civil War. Numbers also were expanded in the South. This period was marked by reconstruction in the South and by an intense speculative interest in beef cattle production on cheap western lands by eastern and European capitalists. Many large ranches were set up on the Western Great Plains and on the eastern slope of the Rocky Mountains with chief reliance for gain placed on the abundant forage resources of the Region. Little provision was made for winter feeding or shelter in most cases, and a succession of severe winters after 1885 resulted in heavy death losses among the cattle and heavy financial losses among the cattlemen. These financial losses were intensified by the business depression of the 90's, with low prices resulting for cattle. For a time, expansion in cattle numbers was halted in practically all areas.

After 1895, expansion in beef cattle production was resumed in several areas, notably in the region extending from Illinois westward to Nebraska, Kansas, and Oklahoma. Although the number of cattle other than milk cows in Texas increased fairly sharply from 1897 to 1902, the peak number in that State apparently had been reached about 10 years earlier, in 1891. The peak of expansion in the beef cattle population in Illinois, Iowa, and Missouri apparently was reached about 1903, and in Kansas and Oklahoma about 1904.

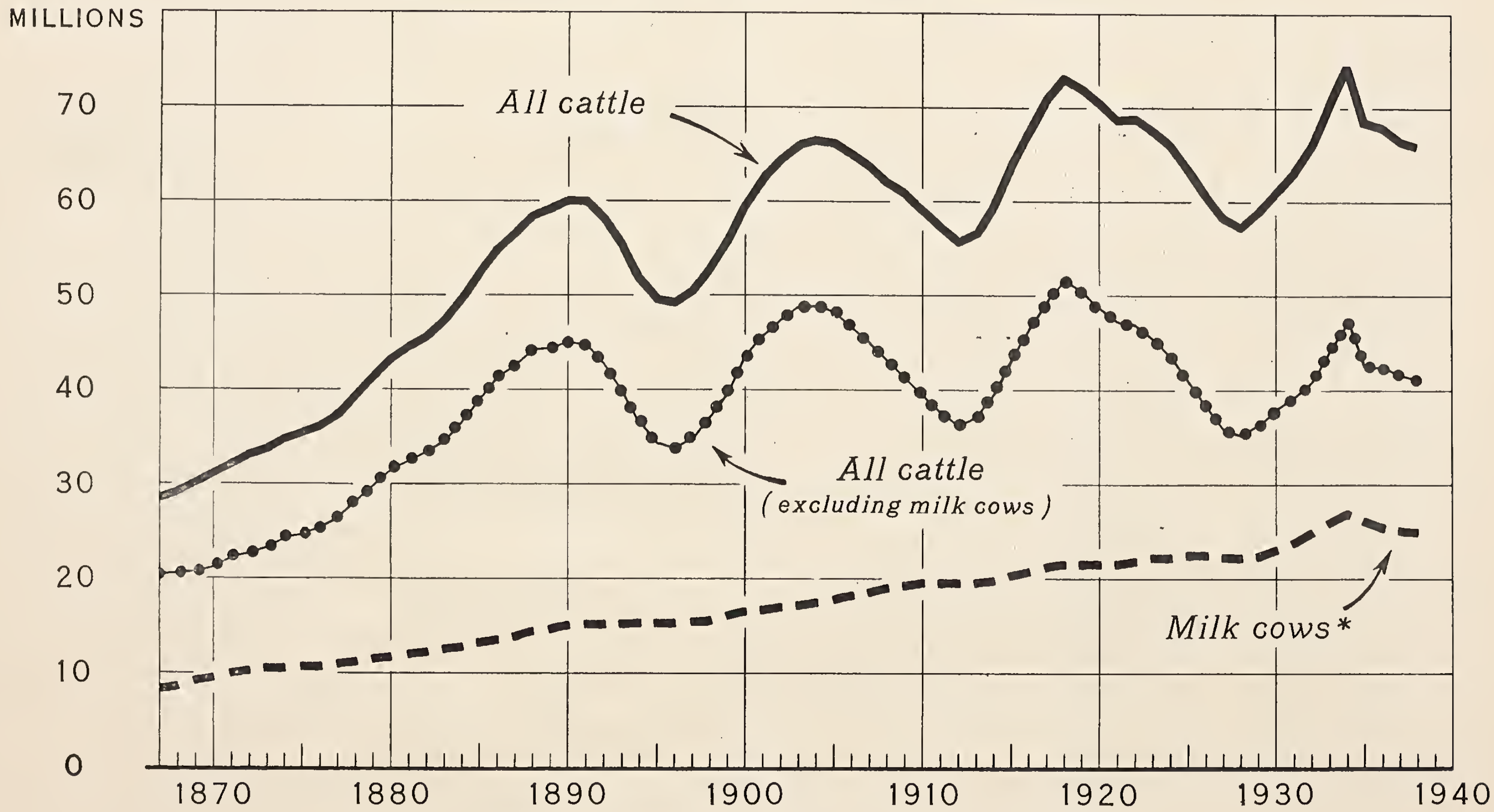
Beef cattle numbers, in most regions, were reduced from 1904 to 1912, when feed costs rose more sharply than cattle prices, and when there apparently was a tendency to shift to younger ages and lighter weights in marketings of slaughter cattle. From 1913 through 1917, however, cattle prices rose more sharply than feed costs, and this factor, together with the increasing Euopean demand for American meats during the War years, led to another rapid increase in numbers. The number of cattle other than milk cows reached new high levels from 1916 to 1920 in several areas, including the South Atlantic and South Central States, exclusive of Oklahoma and Texas, and also in Michigan, Wisconsin, Minnesota, North Dakota, South Dakota, Nebraska, and the Western States.

Trend in beef cattle numbers slightly downward since 1918

The trend in beef cattle numbers in several areas has been downward since 1918. In other areas, however, numbers have been well maintained. Although the peak of expansion in some States was not reached for a few years after 1918, ~~the~~ in only 6 States after the early 20's did numbers subsequently reach new high levels, North Dakota, Montana, and Arkansas in 1934, Alabama and Mississippi in 1935, and Washington in 1938.

States in which numbers of cattle other than milk cows have been fairly well maintained since about 1920, with the exception of cyclical variation, include most of the South Atlantic and South Central States exclusive of Texas, also Michigan, Wisconsin, Minnesota, North Dakota, Nebraska, Kansas, Montana, Idaho, and the Pacific States. States in which the general trend in numbers of such cattle apparently has been downward since about 1920 include the North Atlantic States, Ohio, Indiana, Illinois, Iowa, Missouri, South Dakota, Texas, Wyoming, Colorado, New Mexico, Arizona, Utah and Nevada. In several of these States, however, the total number of all cattle was larger in 1934 than in the period 1918-22, as a result of increased numbers of milk cows. Since a considerable proportion of milk cows are beef-type cows kept for milk, it is difficult to determine the exact trend in beef cattle production in these States in recent years.

# ALL CATTLE: NUMBER ON FARMS JANUARY 1, UNITED STATES, 1867-1938

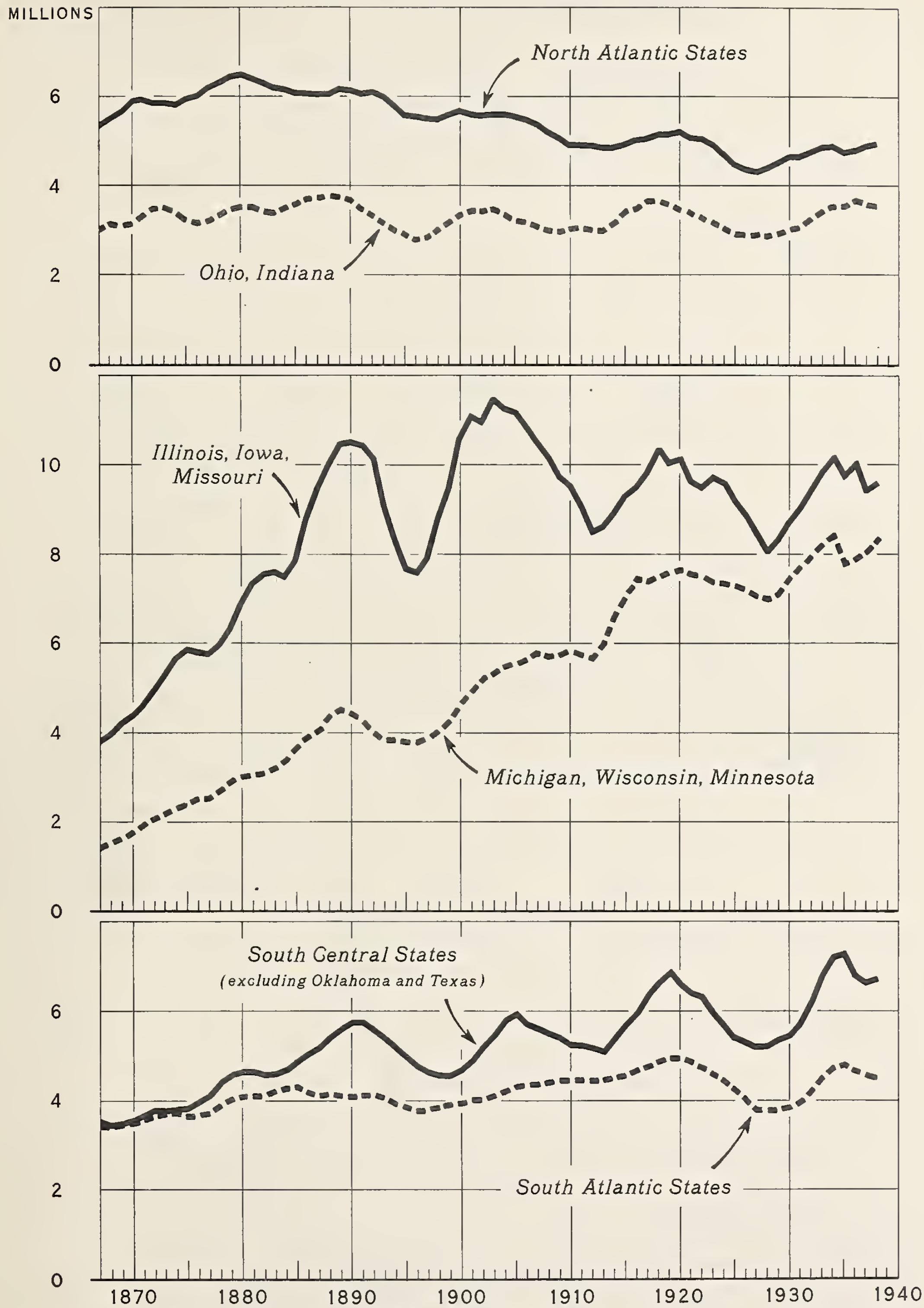



*COWS AND HEIFERS 2 YEARS OLD AND OVER KEPT FOR MILK
DATA FOR 1938 ARE PRELIMINARY

U. S. DEPARTMENT OF AGRICULTURE NEG. 34150 BUREAU OF AGRICULTURAL ECONOMICS

FIGURE 1

## ALL CATTLE: NUMBER ON FARMS JANUARY 1, EASTERN REGION, 1867-1938

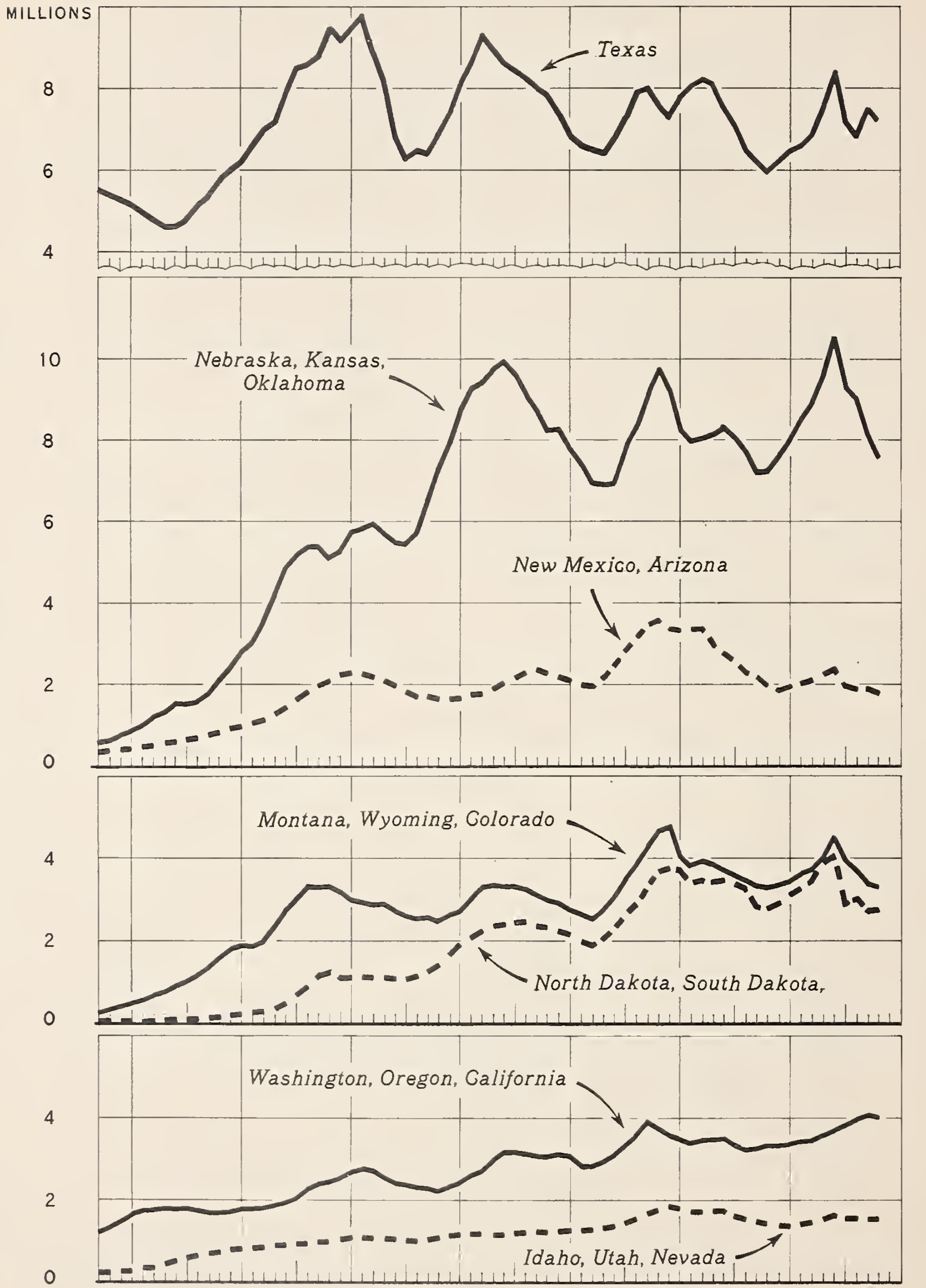



DATA FOR 1938 ARE PRELIMINARY

U.S. DEPARTMENT OF AGRICULTURE NEG. 34325 BUREAU OF AGRICULTURAL ECONOMICS

FIGURE 2

ALL CATTLE: NUMBER ON FARMS JANUARY 1, WESTERN REGION, 1867-1938

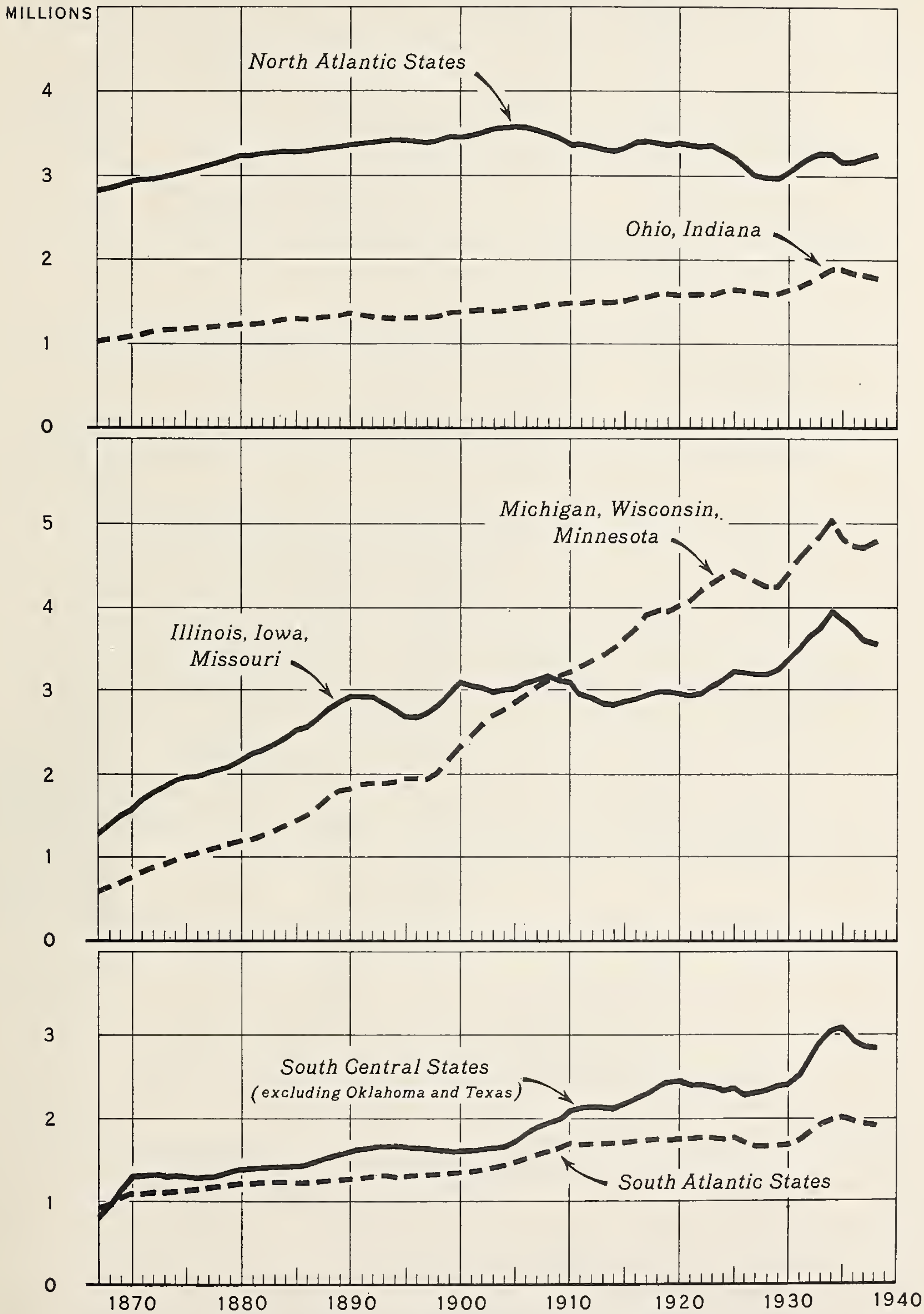



DATA FOR 1938 ARE PRELIMINARY

U. S. DEPARTMENT OF AGRICULTURE    NEG. 34326    BUREAU OF AGRICULTURAL ECONOMICS

FIGURE 3

MILK COWS*: NUMBER ON FARMS JANUARY 1, EASTERN REGION, 1867-1938

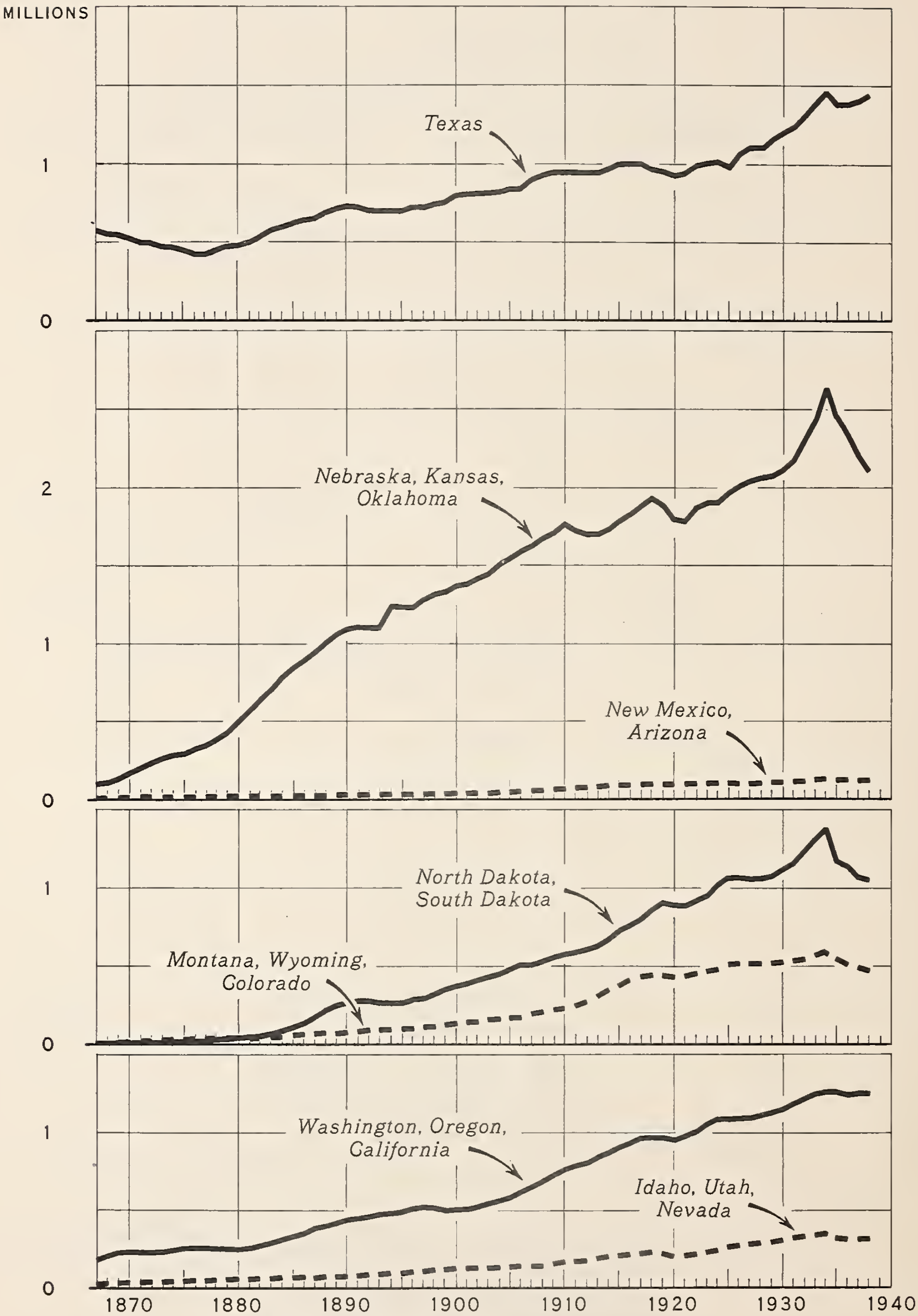



*COWS AND HEIFERS 2 YEARS OLD AND OVER KEPT FOR MILK
DATA FOR 1938 ARE PRELIMINARY

U.S. DEPARTMENT OF AGRICULTURE NEG. 34321 BUREAU OF AGRICULTURAL ECONOMICS

FIGURE 4

MILK COWS*: NUMBER ON FARMS JANUARY 1, WESTERN REGION, 1867-1938

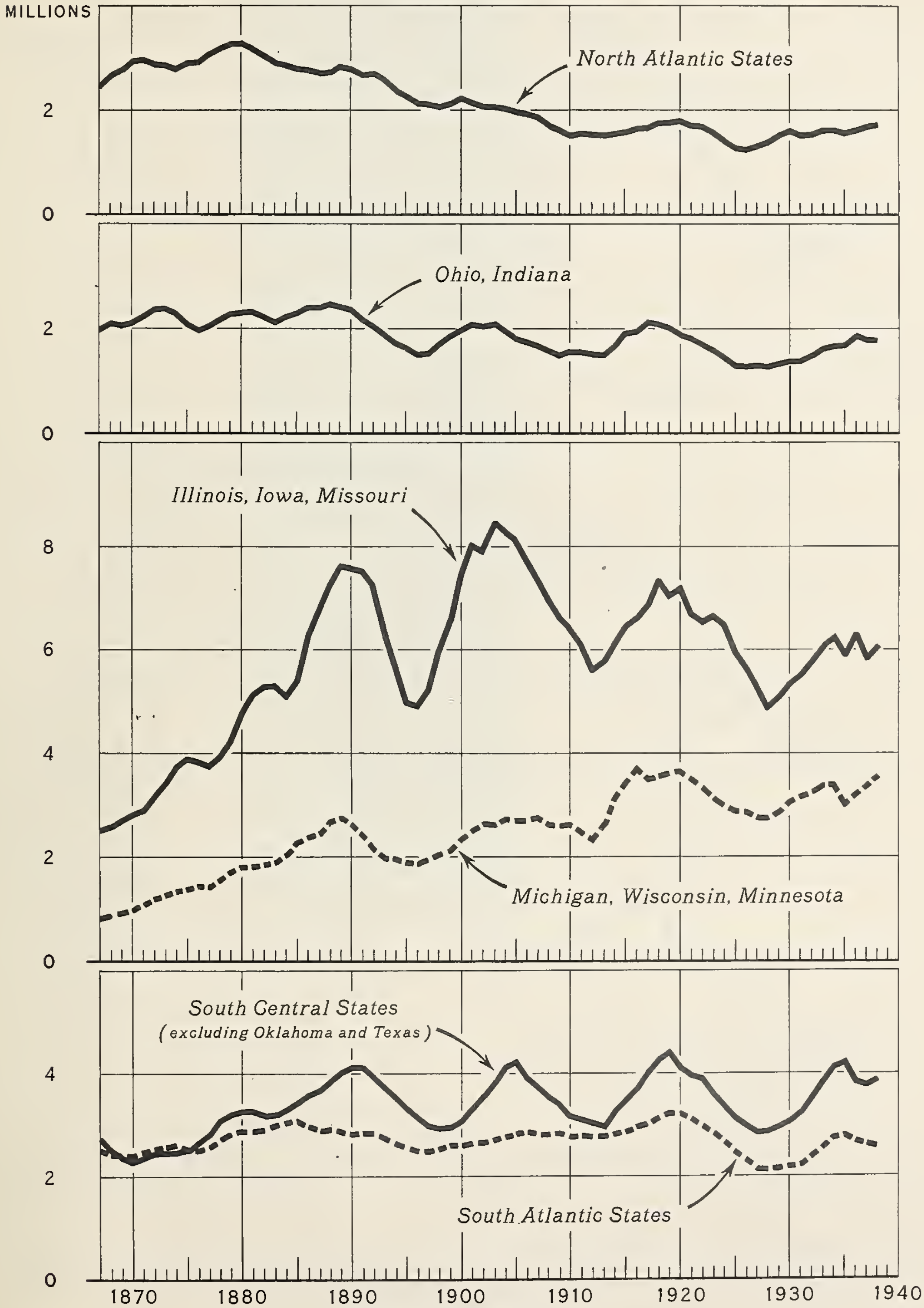



* COWS AND HEIFERS 2 YEARS OLD AND OVER KEPT FOR MILK
DATA FOR 1938 ARE PRELIMINARY

U.S. DEPARTMENT OF AGRICULTURE NEG. 34322 BUREAU OF AGRICULTURAL ECONOMICS

FIGURE 5

## CATTLE OTHER THAN MILK COWS: NUMBER ON FARMS JANUARY 1, EASTERN REGION, 1867-1938




*DATA FOR 1938 ARE PRELIMINARY*

U. S. DEPARTMENT OF AGRICULTURE NEG. 34323 BUREAU OF AGRICULTURAL ECONOMICS

FIGURE 6

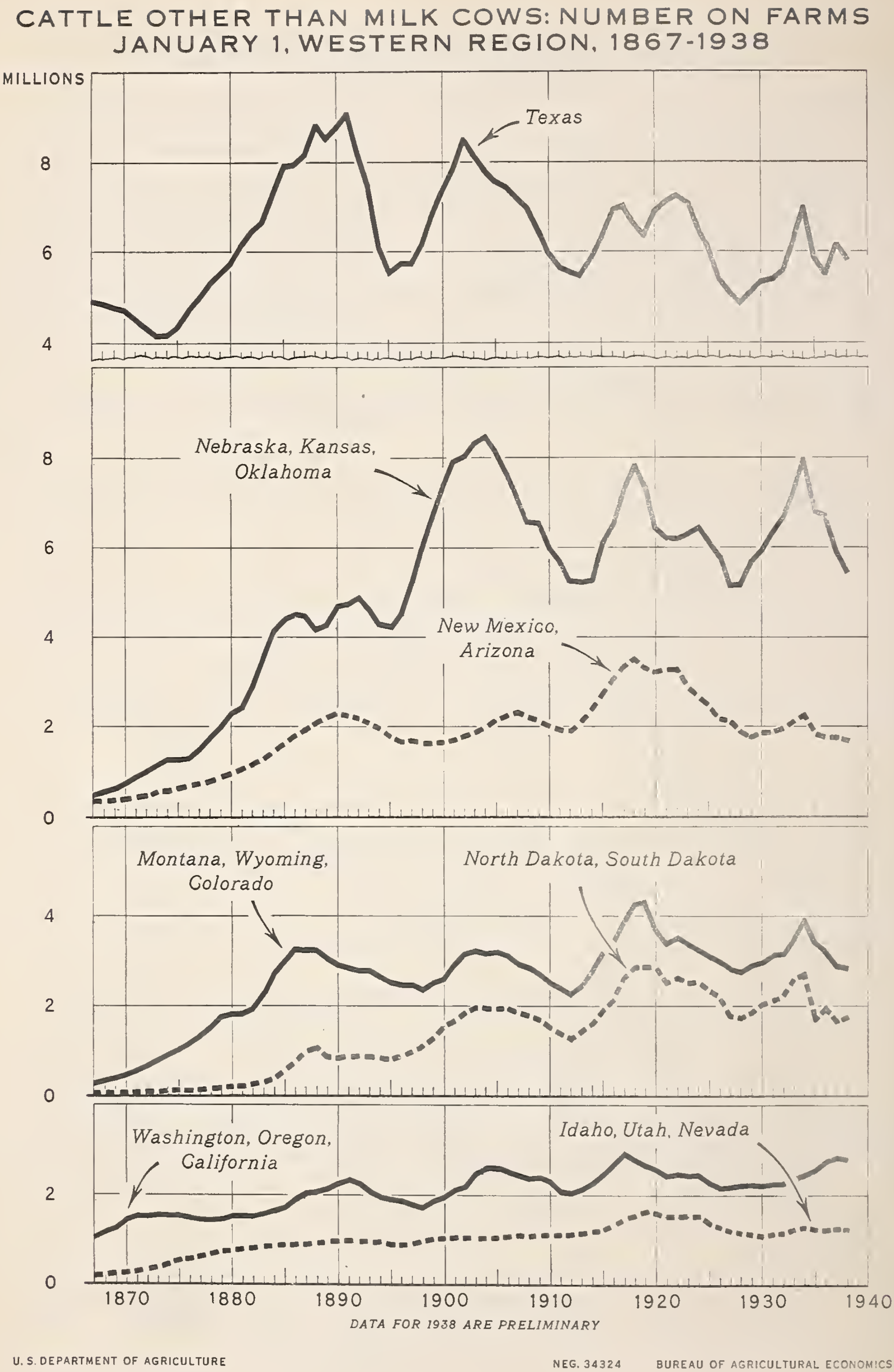

CATTLE OTHER THAN MILK COWS: NUMBER ON FARMS JANUARY 1, WESTERN REGION, 1867-1938
MILLIONS
Texas
Nebraska, Kansas, Oklahoma
New Mexico, Arizona
Montana, Wyoming, Colorado
North Dakota, South Dakota
Washington, Oregon, California
Idaho, Utah, Nevada
1870
1880
1890
1900
1910
1920
1930
1940
DATA FOR 1938 ARE PRELIMINARY
U. S. DEPARTMENT OF AGRICULTURE
NEG. 34324
BUREAU OF AGRICULTURAL ECONOMICS

FIGURE 7